

REC'D TN
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May 17, 2001

David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Shiloh Falls Utilities, Inc.
Case No. #01-00378

Dear Mr. Waddell:

In accordance with the request from Butch Phillips, I am submitting the following additional information to clarify some issues related to the Petition. Mr. Phillips has requested responses to the following questions:

1. Provide an updated Rules and Regulations for all the utility customers along with an updated tariff sheet.

Response: A copy of proposed Rules and Regulations and tariff sheet is enclosed as Exhibit 1.

2. Provide a breakdown of the cost of the system and the value of capitalized plant equipment that will be given to the utility by the customers in the additional service area.

Response: One lift station and sewer pump valued at \$18,000.00 and approximately \$6,200.00 of pipe which has been installed to connect the service area.

3. How many customers will be added due to the expansion immediately and at build out of the service area?

Response: Immediately ten (10) retail stores will be connected which have two bathroom facilities. The service area could potentially have an additional ten (10) stores added to the facility. It is not anticipated that the saturation level of the market area will allow that expansion to occur earlier than five (5) or ten (10) years.

4. Provide the names and address of any other neighboring utility systems other than the ones that were submitted in the petition along with the name and address of the Hardin County Executive.

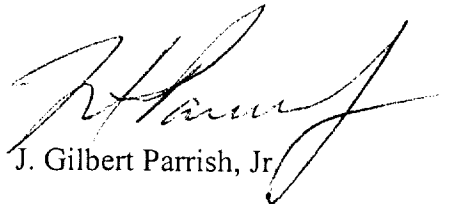
Response: There are no other neighboring utility systems other than the ones reflected in the petition. Aqua Utilities, Inc. is the only other utility company offering sewer services in our county. Aqua Utilities, Inc. is located on the other side of the Tennessee River and has no facilities within 10 miles of the service area to be added. The Hardin County Executive is Joe Barker. His address is Hardin County Courthouse, Main Street, Savannah, TN 38372 and he may be reached by phone at 1-731-925-9078.

5. Provide the total amount (or estimated amount) of legal fees associated with this petition. Also, provide the breakdown of legal costs.

Response: There will be no legal fees charged in association with this petition.

If you have further questions, please bring them to our attention. Thank you for your consideration in this matter.

Very Truly Yours,



J. Gilbert Parrish, Jr.

JGP:jlw

Enclosures

cc: R. P. Shackelford, Jr.

President, Shiloh Falls Utilites, Inc.

TARIFF OF

SHILOH FALLS UTILITIES, INC.

CONSISTING OF

SCHEDULE OF RATES, TERMS AND CONDITIONS

FOR

SANITARY SEWER SERVICE

APPLYING TO

SHILOH FALLS UTILITIES, INC.
COUNCE, TENNESSEE

**NO MODIFICATION OF THESE SCHEDULES SHALL BE
MADE EXCEPT FOR THE PURPOSE OF CANCELING OR
SUPERSEDING PREVIOUSLY ISSUED SCHEDULES**

Issues By: Shiloh Falls Utilities, Inc.

Address: 25 Old South Road
Counce, Tennessee 38326

TENNESSEE REGULATORY AUTHORITY

Issue Date: May 18, 2001

Effective Date:

RULES AND REGULATIONS

Governing the Sewerage and Sewage Treatment System of

SHILOH FALLS UTILITIES, INC.

STATEMENT OF PURPOSE

The general purposes of these rules and regulations are:

1. To establish procedures for furnishing sewerage and sewage treatment services on a uniform basis to customers within the service area boundary of the SHILOH FALLS UTILITIES, INC.
2. To provide standards and procedures for:
 - a. Acceptable sewage characteristics
 - b. Excessive sewage volume
 - c. Engineering design standards
 - d. Construction and inspection requirements
 - e. Quality of materials

DEFINITION OF TERMS

1. Corporation - shall mean Shiloh Falls Utilities, Inc.
2. Engineer - shall mean the consulting engineer of Shiloh Falls Utilities, Inc.
3. Customer - shall mean any person, firm, corporation, association or government unit furnished sewerage by the Corporation.
4. Property - shall mean all facilities owned and operated by the Corporation.
5. Authority - shall mean the Tennessee Regulatory Authority.

6. **Sewer Main** - shall mean a sewer pipeline that is under pressure, receives sewage from other branches, runs adjacent to roadways and terminates at the sewage treatment plant, or a major lift station.
7. **Trunk Sewer** - shall mean a sewer that runs parallel to a natural drainage channel and receives sewage from any tributary branches and terminates at the sewage treatment plant or major lift station.
8. **Collector Sewer** - shall mean those sewers lines running within the service area and conveying the sewage, to the trunk sewer on the main by pressure or gravity.
9. **Lateral Sewer** - shall mean those sewers extending from the Collector Sewer to the property line of the Customer.
10. **Building Sewer** - shall mean that sewer piping, gravity, or pressures extending from the Customer's property line to his place of business or residence.

AUTHORIZATION OF RULES AND REGULATIONS

The SHILOH FALLS UTILITIES, INC., a corporation organized and engaged in business as a public utility in the State of Tennessee under a Certificate of Convenience and Necessity issued by the Tennessee Regulatory Authority on or about May 20, 1996 under Docket No. 95-03948, submits the following statement of its rules and regulations.

EFFECT OF RULES AND REGULATIONS

All provisions of these rules and regulations shall be incorporated in each contract with each sewerage Customer of the Shiloh Falls Utilities, Inc.

UTILITY ITEMS ON PRIVATE PROPERTY

The Corporation shall not furnish or maintain any items or appurtenances for sewer service on the customer's premises without execution of an agreement for an easement or encroachment. No property of the Corporation shall be located on the premises of customers except sewer shut-off valves maintained by the Corporation. All grinder pumps and tanks for grinder pumps shall be located on the customer's property and maintained by the customer.

DISCONTINUANCE OF SERVICE

Service under any application may be discontinued for the following reasons:

1. Non-payment of bill as hereinafter set forth.
2. For misrepresentation in the application.
3. For adding to the Property or fixtures without notice of Corporation.
4. For failure to protect the connections, service lines or fixtures in good order.
5. For molesting any service pipes or any property of the Corporation in any way whatsoever.
6. Vacancy of premises.
7. For violation of any rules of the Corporation.
8. For disconnecting or re-connecting service by any party other than a duly authorized agent and/or approved service provider of the Corporation without the consent of the Corporation.

NON-PAYMENT PENALTIES

All customers located within the service area are provided water by the First Utility District of Hardin County, Tennessee. All customers agree that their water services may be terminated at the request of the Corporation due to the non-payment of sewer charges. Said termination of water service being the approved and agreed method to enforce the collection of sewer charges. No service shall be turned on again if discontinued for non-payment (or any valid reason) until all outstanding charges have been paid.

CHANGE OF OWNERSHIP, TENANCY, OR SERVICE

A new application and agreement must be made and approved by the Corporation on any change in ownership of property, or in tenancy, or in the service as described in the application. In the event of failure of a new owner or tenant to make such application, the Corporation shall have the right to discontinue service until such new application is made and approved.

SECURITY DEPOSITS

If approved by the Authority each new Customer, before connection or reconnection, of the service may be required to make a refundable deposit to secure payment of sewerage bills in the amount double the monthly bill for that particular type of customer. Interest as approved by the Authority will be paid on any such refundable. At the time of this filing no security deposits are required and/or maintained by the Corporation.

GRINDER PUMPS

All customers must have an approved grinder pump and collection system which meets the specifications as established by the Engineer. The customer shall have the sole responsibility to maintain the grinder pump.

SPECIAL PRETREATMENT SEWAGE REQUIREMENTS

For the sewerage connections, in addition to the customary tap fees, the Corporation reserves the right to require any non-residential user to provide special treatment for any high strength effluent before discharge into its sewerage system. The Corporation may, upon the basis of recognized engineering standards and treatment cost, increase the tap fees or flat rate charges to cover the cost of treatment of high strength effluent or industrial waste with the approval of the Authority, and may impose recognized engineering standards as to the maximum size of solids and constituents in such waste discharge into its sewerage system.

DAMAGES

The Corporation shall in no event be responsible for maintaining any service line owned by the Customer, for damages created by sewage escaping therefrom, or for defects in lines or fixtures on the property of the Customer. The Customer shall at all times comply with all regulations of the Tennessee Regulatory Authority, and the Corporation, relating to the service lines and shall make all changes in his lines required on account of grade or otherwise. All leaks in any pipe are fixture on the premises of the Customer shall be immediately repaired. On failure to repair any such leak, the service discontinued until repairs are made.

IN EVENT OF EMERGENCY

The Corporation shall not be liable to the Customer for interruption in service or for damages or inconvenience as a result of any interruption, stoppage, etc., which was beyond the reasonable control of the Corporation.

EXTENSION PLAN

The Corporation will furnish sewer services to all property owners whose lands abuts the trunk or main sewer. The sewer service charges and tap fees included in Appendix I do not include costs for constructing trunk sewers and list stations. Any collector and/or lateral sewers required to service such abutting properties shall be constructed at the cost of the party desiring it, and these sewers shall become the property of the Corporation to be credited to the account for contribution in aid of construction. If the said desiring party does not wish to construct his own collector and lateral sewers, the Corporation may construct them and charge the developer the total project costs for the same. The desiring party shall obtain at its expense the easements required by the Corporation for any collector and/or lateral sewers. Plans for any extensions shall be reviewed and approved by the Engineer prior to construction.

CONTRIBUTIONS IN AID OF CONSTRUCTION & ADVANCES IN AID OF CONSTRUCTION

All contributions and advances that are treated as taxable revenues by the IRS, whether in the form of property or cash, shall be increased by a cash flow payment to the utility, in an amount equal to 33% of the contribution or advance. The contribution or advance will be equal to the "original cost" if in the form of property or face value if in the form of cash.

CONTRACTS FOR SERVICE

Each customer before installation of service shall be required to execute on the appropriate forms furnished by the Corporation or its designated representative.

1. A sewer service contract.
2. The application and contract for sewer tap services.

CUSTOMER BILLING FORMS

All customer billings shall be on a standard form whether residential, commercial or industrial.

PUBLIC CONTRACT

Mr. R. P. Shackelford
Shiloh Falls Utilities, Inc.
25 Old South Road
Counce, TN 38326

TENNESSEE REGULATORY AUTHORITY

The utility in its operation shall conform with all the applicable rules and regulations promulgated from time to time by the Tennessee Regulatory Authority.

SHILOH FALLS UTILITIES, INC.

MONTHLY SEWER SERVICE BILLING

Residential, Condominium, House or Apartment:

Charge per 1,000 gallons
(actual or assumed flow).....\$3.71

Minimum monthly charge.....\$8.90

Non-Residential:

Charge per 1,000 gallons
(actual or assumed flow).....\$3.21

Minimum monthly charge.....\$8.90

SEWER CONNECTION FEES

Residential & Commercial.....\$850.00

GENERAL FEES

Returned Check Charges:.....NONE